

LAIKIPIA



UNIVERSITY

UNIVERSITY EXAMINATIONS

2ND SEMESTER 2023/2024 ACADEMIC YEAR

SECOND YEAR EXAMINATION FOR THE DEGREE OF
AGRIBUSINESS MANAGEMENT

AGBM 210: FINANCIAL ACCOUNTING I

STREAM:

TIME: 2 HRS

DAY: MONDAY [11.30-1.30 P.M]

DATE: 15/04/2024

THIS QUESTION PAPER CONSISTS OF FIVE (5) PAGES

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Instructions: Answer question one (compulsory) and any other two questions

QUESTION ONE

a). Write short notes on the following accounting concepts

- i). Accrual concept. **(2marks)**
- ii). Going concern concept. **(2marks)**
- iii). Monetary unit concept. **(2marks)**
- iv). Historical cost concept. **(2marks)**
- v). Materiality concept. **(2marks)**

b). Users of accounting information have specific interests in the existence of the firm. Describe the different and unique interests that at least six different users of accounting information may have **(10 Marks)**

c). During the month of march 2010, The petty cashier of Laikipia traders made the following payments after receiving an imprest of sh.12,000 from the general cashier.

Travelling 3500

Date "March 2010"	Expense	amount
3	Travelling	3500
6	Office expenses	1000
8	Postage	1200
15	Staff tea	800
19	Stationery	2000
22	Office expenses	800
24	Staff tea	1000
26	Sundry expenses	700
31	Benson -creditor	900

Required

- i) Prepare a petty cashbook using the following analysis columns **(10 marks)**
- ii) Office expenses, postage, stationery, staff tea, sundry expenses, ledger accounts **(10 marks)**



QUESTION TWO

Omweri started business on 1st January 2021 with Sh 1,500,000 in bank and cash in hand Sh 40,000. His transactions for the month of January were:

Jan 2021

- 1 Bought stock worth Sh 50,000 by cheque.
- 2 Purchased office equipment by cheque Sh 30,000.
- 4 Withdrew Sh 25,000 from bank and kept it in the office to be used in making minor payments when necessary.
- 7 Purchased stationery Sh 600 in cash.
- 12 Sold goods worth Sh 8,000 to Odiek on credit.
- 18 Bought stock worth Sh 32,000 on credit from Tuju.
- 25 Received a cheque of Sh 4,500 from Odiek.
- 27 Purchased stationery Sh 200 in cash.
- 29 Paid Tuju Sh 24,000 by cheque.
- 30 Received cash Sh 2,000 from Odiek.

Required:

- (i) Record the above transactions in the relevant ledger accounts. **(15 marks)**
- (ii) Balance the accounts on 31 January 2021 and extract a trial balance as at that date. **(5 marks)**

QUESTION THREE

The Trial Balance of Sam Shopper’s Mall in respect of the year ending 31st Dec 2018 is given below

Particulars	Amount (Dr)	Amount (Cr)
Stock (1 st Jan 2018)	160,000	-
Bank Loan	-	44,000
Building	240,000	-
Creditors	-	116,000
Sundry Debtors	170,000	-



Capital	-	320,000
Machinery	100,000	-
Sales	-	1,300,000
Drawings	40,000	-
Discount received	-	4,000
Purchases	900,000	-
Purchases returns	-	5,000
Insurance Premium	15,000	-
Commission received	-	7,500
Trade Expenses	36,000	-
Provision for Bad Debts	-	4,000
Sales returns	6,000	-
Bills payable	-	20,000
Salaries	82,000	-
Freight on purchases	12,500	-
Bad Debts	3,000	-
Bills receivable	45,000	-
Cash	14,000	-
	1,823,500	1,823,500

Additional information:

1. Closing stock on 31 Dec 2018 was Shs 120,000
2. Interest at the rate of 65% pa. was to be allowed on Capital
3. Outstanding salaries amounted to Shs 8,000
4. Insurance prepaid amounted to Shs 1300
3. Depreciation is to written-off on Building at 25% and on Machinery 10%
6. Provision to be made on Debtors at 5% for Bad Dets
7. Commission earned but not yet received Shs 2,000



Required:

- i) Statement of comprehensive Income for the year ended 31st Dec 2018
- ii) Statement of financial position as on 31st Dec 2018 **(Total: 20 marks)**

QUESTION FOUR

The following transactions relate to Nepark Enterprises for the month of March 2019

- 1st - Commenced business with cash KShs 200,000
- 3rd - Opened a Bank Account and deposited KShs 50,000
- 4th - Purchased goods KShs 20,000
- 5th - Cash sales KShs 7,000
- 6th - Purchased goods by a crossed cheque KShs 30,000
- 10th - Withdrew from Bank for personal use KShs 5,000
- 12th - Hired an Agent on commission and paid him KShs 5000
- 14th - 5,000 Sold goods to Ronald KShs 7,500
- 15th - Sold goods worth KShs 8,000
- 18th - Received an open cheque from Ronald KShs 7,000 as full settlement of Ronald's account
- 20th - Purchased goods on credit from Samson KShs 8,800
- 23rd - Purchased goods whose list price was KShs 10,000 from Moses at 10% trade discount and 3% cash discount and paid 80% of the price in cash
- 24th - Paid Samson KShs 8,000 as full settlement of his account
- 28th - Paid rent KShs 2,000 and salaries KShs 10,000
- 31st - Accounts were closed

Required:

- i) Journal entries to record the above transactions in the books of Nepark Enterprises
- ii) Post into Ledgers **(20 marks)**

